

# Agenda

## Item #6



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

To: Commissioners

From: Jonathan Wayne, Executive Director

Date: June 13, 2011

Re: Recommended Findings of Violation, Civil Penalties and Repayment for  
2010 Candidate Michael E. Lawson

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Michael E. Lawson was a 2010 candidate for the Maine House of Representatives. He financed his campaign through the Maine Clean Election Act (MCEA) program. He was selected at random for an audit.

Unfortunately, Mr. Lawson's campaign did not comply with the requirements for MCEA participation, as described in the attached final audit report. The most significant violations are failing to accurately report significant campaign expenditures, and not keeping required documentation of expenditures.

Mr. Lawson has been generally cooperative during the audit, although the Commission had to ask for his authorization to obtain records directly from his bank or credit union after the candidate did not provide them. The Commission staff had a constructive meeting with him on March 25, 2011 at the Commission's office in Augusta. In the meeting, he admitted that his campaign made mistakes and he attempted to explain his reporting and expenditures. During the meeting, he said that he accidentally used his campaign checkbook to make three payments after the November 2, 2010 general election for personal expenses. He has used personal funds to repay the campaign account for these purchases. The Commission's auditor and I accept Mr. Lawson's explanation that the misuse of public funds was unintentional, although we are essentially taking the candidate's word. We are viewing it as a negligent – rather than knowing – violation.

In accordance with his normal procedures, Commission Auditor Vincent W. Dinan mailed a draft version of the audit report to Mr. Lawson. The candidate responded by making handwritten notations in the margins and on the back of some sheets, which have been incorporated in the final audit report.

I spoke with the candidate again today by telephone. He understands that Mr. Dinan will be presenting his audit of the campaign at your June 23 meeting, and that the Commission staff presently intends to recommend civil penalties totaling \$700 and a repayment of \$583.04. If you accept the staff recommendation that he must repay

\$583.04, he would need to repay this amount from his personal funds, because his campaign has returned all campaign funds.

I do not expect Mr. Lawson to respond to the recommended findings of violation and penalties in writing. The candidate told me he will attend the Commission's meeting to answer your questions. I do not expect him to dispute that violations occurred. Among other things, he would like to discuss how his current employment limits his ability to pay the recommended amounts.

My personal assessment is that Mr. Lawson did not understand that accepting public campaign funds from the State requires exact reporting of expenditures and a moderate amount record-keeping. Most of the violations do not seem willful, although the staff is bothered that he entered amounts in his campaign finance reports which were merely estimates of actual expenditures. He says that he entered some amounts to make the "bottom line" of his reporting match the bottom line of his bank account. Although the violations do not appear to be willful, the reporting and documentation deficiencies are on a larger scale than we are accustomed to seeing in our audits of House campaigns.

Because I want to make sure that you are comfortable with the staff's enforcement actions, I wish to highlight that I am taking a slightly different approach this audit.

First, campaigns that use MCEA funds to reimburse the candidate or others for vehicle travel must keep a travel log for the person who is reimbursed that shows the date, destination, and purpose of the travel, and the number of miles traveled. This has been a longstanding requirement in the Commission's Rules that was adopted to make sure that public funds are not used to pay for candidates' personal travel. (Chapter 3, Section 7(1)(C)) The rule states that "The Commission may disallow any vehicle travel reimbursements for which the candidate or the treasurer cannot produce an accurate record."

When the Commission staff last conducted systematic random audits (of 2006 candidates), we discovered some candidates who had been reimbursed for travel by their campaigns but who did not keep the required mileage logs. Since then, we have stepped up our educational efforts to make sure candidates know and comply with the mileage log requirement. Beginning this year, when our audits discover 2010 candidates who were reimbursed for vehicle travel and who did not keep the required mileage log, we are *strongly considering* systematically disallowing the reimbursements and requiring the campaigns to repay those reimbursements to the State. That is the approach we are taking in the case of Mr. Lawson, who did not keep mileage logs. If this does not meet with your approval, please let me know.

Candidates are required by statute to keep certain records of any expenditure of MCEA funds greater than \$50. They are required to keep an invoice or receipt from the vendor stating the particular goods or services purchased. They are also required to keep a record (preferably from the campaign bank account) identifying each payee that received more than \$50 in MCEA funds (e.g., cancelled checks, or a debit card statement). These

records are important so that the Commission can verify that the reported payee received the payment and that MCEA funds were spent on campaign-related goods or services.

Under Chapter 3, Section 7(1) of the Commission's Rules, "The Commission may also require the return of funds for expenditures lacking supporting documentation if a candidate or treasurer is found in violation of the record keeping requirements." In audits in which candidates have basically complied with most requirements but have neglected to obtain one or two vendor invoices, I prefer not requiring the candidate to repay the campaign funds spent on the undocumented expenditures. That could seem overly punitive and would result in the candidate subsidizing the campaign with personal funds. For candidates such as Mr. Lawson, however, who have significant violations and who have not documented multiple expenditures, I am now open to asking the candidate to repay the public funds spent on the undocumented expenditures. That is the approach the staff recommends in this audit. If you are uncomfortable with this policy, please let me know. (Another alternative would be to allow the expenditures if we believe that they occurred and were campaign-related, and to assess a fair penalty for not keeping required records.)

When I spoke to Mr. Lawson today, he asked whether the staff would reconsider allowing a small amount of campaign expenditures for travel and for responding to the audit. The Commission's auditor and I will discuss his question before the June 23 meeting. At the meeting, we may reduce our recommended repayment obligation by somewhere in the range of \$50 - \$100.

Thank you for your consideration of this memo.

a specific basis for believing that the goods and services purchased were not used for the primary election.

- C. The Commission will request a response from the opposing candidate or other respondent, and will make a determination whether the expenditure should be counted toward the certified candidate's eligibility for matching funds.

## SECTION 6. LIMITATIONS ON CAMPAIGN EXPENSES

A certified candidate must:

1. limit the candidate's campaign expenditures and obligations to the applicable Clean Election Act Fund distribution amounts plus any authorized matching fund allocations;
2. not accept any contributions unless specifically authorized in writing to do so by the Commission in accordance with the Act [§1125(2) and §1125(13)];
3. use revenues distributed from the Fund only for campaign-related purposes as outlined in guidelines published by the Commission, and not for personal or any other use;
4. not use revenues distributed from the Fund to purchase goods to sell for profit;
5. not spend more than the following amounts of Fund revenues on post-election parties, thank you notes, or advertising to thank supporters or voters:
  - A. \$250 for a candidate for the State House of Representatives;
  - B. \$750 for a candidate for the State Senate; and
  - C. \$2,500 by a gubernatorial candidate.

The candidate may also use his or her personal funds for these purposes; and

6. not use revenues distributed from the Fund for the payment of fines, forfeitures, or civil penalties, or for the defense of any enforcement action of the Commission.

## SECTION 7. RECORD KEEPING AND REPORTING

1. **Record Keeping by Participating and Certified Candidates.** Participating and certified candidates and their treasurers must comply with applicable record keeping requirements set forth in Title 21-A, chapter 13, subchapter II [§1016], and chapter 14 [§1125(12-A)]. Failure to keep or produce the records required under Title 21-A and these rules is a violation of the Act for which the Commission may impose a penalty. The Commission may also require the return of funds for expenditures lacking supporting documentation if a candidate or treasurer is found in violation of the record keeping requirements. The candidate or the treasurer shall have an opportunity to be heard prior to any Commission decision imposing a penalty or requiring the return of funds under this section. In addition to these specific actions, the Commission may also take any other action authorized under Title 21-A.

- A. **Fiduciary Responsibility for Funds.** All funds provided to a certified candidate or to a candidate's authorized political committee must be segregated from, and may not be commingled with, any other funds, other than unspent seed money. Matching fund advance revenues for which no spending authorization has been issued must be deposited in a federally insured account and may not be used until the candidate receives authorization to spend those funds.
- B. **Meal Expenses.** A candidate or treasurer must obtain and keep a record for each meal expenditure of more than \$50. The record must include itemized bills for the meals, the names of all participants in the meals, the relationship of each participant to the campaign, and the specific, campaign-related purpose of each meal.
- C. **Vehicle Travel Expenses.** A candidate or treasurer must obtain and keep a record of vehicle travel expenses for which reimbursements are made from campaign funds. Reimbursement must be based on the standard mileage rate prescribed for employees of the State of Maine for the year in which the election occurs. For each trip for which reimbursement is made, a record must be maintained showing the dates of travel, the number of miles traveled, the origination, destination and purpose of the travel, and the total amount claimed for reimbursement. A candidate may be reimbursed for vehicle travel expenses at a rate less than the standard mileage rate. A candidate may also reimburse a volunteer for vehicle travel expenses at a rate less than the standard mileage rate as long as the difference does not exceed \$100 per volunteer per election. The Commission may disallow any vehicle travel reimbursements for which the candidate or the treasurer cannot produce an accurate record.



## 2. **Reporting by Participating and Certified Candidates**

- A. **General.** Participating and certified candidates must comply with applicable reporting requirements set forth in Title 21-A, chapter 13, subchapter II [§1017].
- B. **Return of Matching Fund Advances and Unspent Fund Revenues.** Matching fund advance revenues that have not been authorized for spending and unspent Fund revenues shall be returned to the Fund as follows:
  - (1) **Unauthorized Matching Funds.** Candidates must return all matching fund advance revenues for which no spending authorization was issued prior to an election to the Commission by check or money order payable to the Fund within 2 weeks following the date of the election.
  - (2) **Unspent Fund Revenues for Unsuccessful Primary Election Candidates.** Upon the filing of the 42-day post-primary election report for a primary election in which a certified candidate was defeated, that candidate must return all unspent Fund revenues to the Commission by check or money order payable to the Fund, except that a gubernatorial candidate may be allowed to reserve up to \$2,000 in order to defray expenses associated with an audit by the Commission.



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

June 8, 2011

Mr. Michael E. Lawson  
422 Brook Street  
Westbrook, ME 04092

**NOTICE OF RECOMMENDED FINDINGS  
OF VIOLATION AND PENALTIES**

Dear Mr. Lawson:

Thank you for your handwritten notes responding to the draft version of the audit report prepared by Maine Ethics Commission staff concerning your 2010 campaign as a Maine Clean Election Act (MCEA) candidate. The final audit report is enclosed. This letter is intended to notify you of the findings of violation, civil penalties, and repayment of campaign funds that the Commission staff intends to recommend to the Commissioners at their next meeting and to explain your opportunity to respond.

**Your Opportunity to Respond to Staff Recommendations**

The members of the Maine Ethics Commission will meet at 9:00 a.m. on Thursday, June 23, 2011 at the Commission's office at 45 Memorial Circle in Augusta. At the meeting, the Commission staff intends to recommend the findings of violation, civil penalties, and repayment of campaign funds discussed below.

You are welcome to respond in writing to the enforcement actions recommended by the staff. If we receive a written response by Monday, June 13, we will include it in a packet of materials that I will mail to the Commissioners on June 14. If we receive a written response after June 13, I will forward it to the Commissioners by e-mail.

You are also welcome to respond by attending the Commission's June 23 meeting in person. The Commission staff recommends this, because some of the violations are serious and the Commissioners could assess penalties that are higher than those recommended by the Commission staff.

OFFICE LOCATED AT: 45 MEMORIAL CIRCLE, AUGUSTA, MAINE  
WEBSITE: [WWW.MAINE.GOV/ETHICS](http://WWW.MAINE.GOV/ETHICS)

PHONE: (207) 287-4179

FAX: (207) 287-6775

## **Rationales for Recommended Findings of Violation, Civil Penalties, and Repayment**

This section of the notice is intended to summarize the findings in the final audit report (in rough order of importance) and to explain the rationale for the civil penalties and repayment of campaign funds that are recommended by the Commission staff.

Failure to accurately report expenditures. All legislative candidates are required by law to accurately disclose their campaign expenditures. The duty is especially important for MCEA candidates because they have financed their campaigns with public funds. The taxpayers of Maine and state administrators deserve to know exactly how public funds have been spent by political campaigns.

As discussed in the final audit report, you failed to report substantial campaign purchases made with MCEA funds. In addition, at a meeting with Commission staff, you conceded that some of payments that you entered in campaign finance reports were merely estimates that you reported so that the "bottom line" of your reporting would match the bottom line in your bank account.

At the June 23 meeting, the Commission staff will recommend that the Commissioners assess a collective penalty of \$500 for the reporting failures discussed in the final audit report relating to expenditures of MCEA funds (Findings No. 3, 4, 6, 8, and 9). We believe this penalty is fair, given the high standards for publicly financed candidates and the substantial problems in your reporting.

The staff will also recommend a finding that you filed an inaccurate seed money report. As explained in Finding No. 1 of the final audit report, the campaign claimed making an expenditure of \$375 in seed money on April 19, 2010, which did not, in fact, occur until September 2010. As a result, the campaign was overpaid for the primary election by \$375. The Commission staff is declining to recommend a financial penalty for this violation because of circumstances suggesting that you believed that the reported expenditure had been made through an electronic transfer and because of the large penalty (\$500) recommended for other reporting violations.

Failure to keep required expenditure documentation. MCEA campaigns are required by statute to keep a receipt or invoice stating the particular goods or services purchased, for each payment of more than \$50. This requirement is key to verifying that candidates have used public campaign funds for legitimate campaign purposes. Without this documentation, the State of Maine essentially would have to take the word of candidates that they have spent the money as reported, which is not sufficient to protect the integrity of the program. In addition, the campaign is required to keep a document such as a canceled check or a debit card statement that proves that the reported vendor actually received each payment of more than \$50 (referred to below as the "proof of payment").

If campaigns choose to use MCEA funds to reimburse the candidate or another person for vehicle travel, the Commission's Rules require the person being reimbursed to keep a log of their campaign travel that includes the destination and purpose of the travel, and number of miles



traveled for each campaign trip reimbursed. The reimbursement of MCEA funds cannot exceed \$0.44 for each mile of travel. This mileage log requirement is intended to avoid MCEA funds being used by candidates for personal travel.

As discussed in Findings No. 3 and 4, the campaign did not keep vendor invoices or proof of payment for a significant amount of expenditures reported by the campaign. Consequently, the Commission's audit was unable to verify that these expenditures were, in fact, made and that they were for campaign purposes. Also, as discussed in Finding No. 7, the campaign did not keep mileage logs, even though it apparently reimbursed you for your vehicle travel.

At the June 23 meeting, the Commission staff will recommend that you be found in violation of the requirement to keep vendor invoices, proof of payment, and mileage logs. We do not intend to recommend a civil penalty for this violation, because we are also recommending that you repay \$583.04 to the Maine Clean Election Fund which results, in large part, from the campaign's failure to keep records.

Repayment of \$583.04. The audit of your campaign reviewed all of your reported and actual expenditures of campaign funds. The audit could verify that your campaign made \$4,430.13 in expenditures that were adequately documented and allowable (although a significant portion of these were not adequately reported).

The audit disclosed that the campaign made actual payments totaling \$711.91 which the staff believes are not allowable under the terms of the MCEA and the Commission's Rules. These payments are shown in the "Unallowable" column of Exhibit III of the final audit report. The payments should not be allowed, in our view, because:

- The campaign made two payments of \$50 of MCEA funds to retroactively pay for services received to qualify for public funding. This is not permitted by the MCEA, as is discussed in Finding No. 2. You have already used \$100 in personal funds to reimburse your campaign for these two payments.
- The campaign did not keep vendor invoices, proof of payment, or mileage logs relating to four actual payments or withdrawals totaling \$452 made in the amounts of \$100.00, \$35.00, \$200.00, and \$117.00. You explained that two of the transactions reimbursed you for vehicle travel and two campaign-related purchases that you made at Home Depot, and that two payments were for gasoline and for large rock and gravel used to weigh down campaign signs. Under Chapter 3, Section 7(1) of the Commission's rules, the Commission has adopted the policy that it may require MCEA candidates to return campaign funds when the candidates have not kept documentation of expenditures. We believe that is appropriate in these circumstances.
- You made three payments of MCEA funds for personal expenses after the 2010 general election that were unrelated to your campaign (in the amounts of \$49.00, \$42.00, and \$48.91). You explained that you mistakenly used the campaign checkbook for these

expenses, and you have used personal funds to reimburse the campaign. The Commission staff is accepting the explanation that this was unintentional.

- There was an unexplained \$20.00 charge to the campaign bank account on February 10, 2011 that was apparently not related to the campaign.

On June 6, 2011, the campaign returned the closing balance in the campaign account (\$128.87). Therefore, the Commission's auditor and I will recommend to the Commissioners that they direct you to repay \$583.04 to the Maine Clean Election Fund, which represents \$711.91 in unallowable expenditures minus \$128.87.

Use of MCEA funds for qualifying purposes. In order to qualify for MCEA funds, candidates must demonstrate a threshold of community support by meeting certain fundraising requirements. House candidates must collect at least 60 qualifying contributions of \$5 or more. Candidates are prohibited by statute from using MCEA funds to retroactively pay for goods or services purchased for purposes of qualifying for public funding.

As explained in Finding No. 2 of the final audit report, you made two payments of \$50 in MCEA funds to pay for fundraising services to qualify for public funds. The Commission staff intends to recommend that these payments violated the MCEA and to recommend a penalty of \$100 for the violation.

Use of MCEA funds for personal expenses. After the November 2, 2010 general election, you made three payments of MCEA funds in the amounts of \$49.00, \$42.00, and \$48.91, which you have conceded were for personal purposes unrelated to the campaign. You explained in the audit that you mistakenly used the checkbook for your campaign bank account, because the account name on the checks did not indicate that the account belonged to the campaign. The Commission staff has accepted that the violation was not intentional. Nevertheless, we intend to recommend a finding of violation and a penalty of \$100 for the unintentional violation. MCEA candidates should use a greater degree of care with excess public campaign funds.

### **Specific Enforcement Actions Recommended by Commission Staff**

The Commission staff intends to recommend that the Commissioners take the following actions at their June 23 meeting. The Commission is authorized to assess civil penalties for violations of the MCEA pursuant to 21-A M.R.S.A. § 1127(1). The penalties for the reporting and documentation violations are lower because the Commission staff is recommending that you repay a substantial amount of money (\$583.04) from your personal funds. The Commission staff will recommend that the Commission:

#### *Inaccurate seed money report resulting in overpayment*

- #1A find that you violated 21-A M.R.S.A. § 1125(2-A)(C) by failing to accurately report seed money expenditures, as discussed in Finding No. 1 of the final audit report;

- #1B assess no penalty for this violation because of circumstances suggesting that you believed that the reported expenditure had been made by electronic transfer and because of the large penalty (\$500) recommended below for other reporting violations;

*Using MCEA funds to pay for pre-certification assistance with qualifying*

- #2A find that you violated 21-A M.R.S.A. § 1125(2-A)(A) by using MCEA funds to pay for services received prior to certification as an MCEA candidate, as discussed in Finding No. 2 of the final audit report;
- #2B assess a penalty of \$100 against you for violation #2A;

*Failure to accurately report expenditures of MCEA funds*

- #3A find that you violated 21-A M.R.S.A. § 1125(12) by failing to accurately report expenditures of MCEA funds, as discussed in Findings No. 3, 4, 6, 8, and 9 of the final audit report;
- #3B assess a penalty of \$500 for violation #3A;

*Failure to keep expenditure documents required by law*

- #4A find that Mr. Lawson violated 21-A M.R.S.A. § 1125(12-A) and Chapter 3, Section 7(1)(C) of the Commission Rules by failing to keep campaign records required by law, including vendor invoices, proof of payment, and mileage logs, as discussed in Findings No. 3, 4, and 7 of the final audit report;
- #4B not assess a penalty for this violation, due to the large amount of personal funds (\$583.04) that the staff recommends the candidate be required to repay;

*Repay \$583.04 to the Maine Clean Election Fund*

- 5 direct Mr. Lawson to pay to the State of Maine \$583.04 to reimburse the Maine Clean Election Fund for unallowable payments made from the campaign account. This represents \$711.91 in unallowable payments minus \$128.87 already returned from the campaign account;

*Spending MCEA funds for purposes not related to the campaign*

- #6A find that you violated 21-A M.R.S.A. § 1125(6) by using MCEA funds for purposes that were not campaign-related, as discussed in Finding No. 5 of the final audit report; and

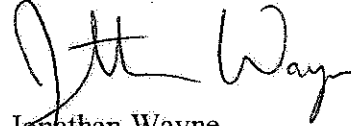
Mr. Michael E. Lawson  
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#6B assess a penalty of \$100 for violation #6A. For purposes of recommending this penalty, the Commission staff has accepted that the misspending was unintentional.

In summary, the Commission staff recommends civil penalties totaling \$700 and a repayment of \$583.04 to the Maine Clean Election Fund for unallowable expenses.

Thank you for considering this notice of recommended findings of violation and penalties. Please call me at 287-4179 if you have any questions about the Commission's consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Wayne". The signature is fluid and cursive, with the first name "Jonathan" and last name "Wayne" clearly distinguishable.

Jonathan Wayne  
Executive Director

## 21-A MRSA § 1125. TERMS OF PARTICIPATION

**1. Declaration of intent.** A participating candidate must file a declaration of intent to seek certification as a Maine Clean Election Act candidate and to comply with the requirements of this chapter. The declaration of intent must be filed with the commission prior to or during the qualifying period, except as provided in subsection 11, according to forms and procedures developed by the commission. A participating candidate must submit a declaration of intent within 5 business days of collecting qualifying contributions under this chapter. Qualifying contributions collected before the declaration of intent has been filed will not be counted toward the eligibility requirement in subsection 3.

[ 2007, c. 443, Pt. B, §6 (AMD) .]

**2. Contribution limits for participating candidates.** Subsequent to becoming a candidate as defined by section 1, subsection 5 and prior to certification, a participating candidate may not accept contributions, except for seed money contributions. A participating candidate must limit the candidate's total seed money contributions to the following amounts:

A. Two hundred thousand dollars for a gubernatorial candidate; [2009, c. 363, §2 (AMD).]

B. One thousand five hundred dollars for a candidate for the State Senate; or [1995, c. 1, §17 (NEW).]

C. Five hundred dollars for a candidate for the State House of Representatives. [1995, c. 1, §17 (NEW).]

The commission may, by rule, revise these amounts to ensure the effective implementation of this chapter.

[ 2009, c. 363, §2 (AMD) .]

**2-A. Seed money restrictions.** To be eligible for certification, a participating candidate may collect and spend only seed money contributions subsequent to becoming a candidate and prior to certification. A participating candidate may not solicit, accept or collect seed money contributions after certification as a Maine Clean Election Act candidate.

A. All goods and services received prior to certification must be paid for with seed money contributions, except for goods and services that are excluded from the definition of contribution in section 1012, subsection 2, paragraph B. It is a violation of this chapter for a participating candidate to use fund revenues received after certification to pay for goods and services received prior to certification. [2007, c. 443, Pt. B, §6 (NEW).]

B. Prior to certification, a participating candidate may obligate an amount greater than the seed money collected, but may only receive that portion of goods and services that has been paid for or will be paid for with seed money. A participating candidate who has accepted contributions or made expenditures that do not comply with the seed money restrictions under this chapter may petition the commission to remain eligible for certification as a Maine Clean Election Act candidate in accordance with rules of the commission, if the failure to comply was unintentional and does not constitute a significant infraction of these restrictions. [2007, c. 443, Pt. B, §6 (NEW).]

C. (TEXT EFFECTIVE UNTIL 9/1/11) Upon requesting certification, a participating candidate shall file a report of all seed money contributions and expenditures. If the candidate is certified, any unspent seed money will be deducted from the amount distributed to the

candidate as provided in subsection 8. [2007, c. 443, Pt. B, §6 (NEW).]

C. (TEXT EFFECTIVE 9/1/11) Upon requesting certification, a participating candidate shall file a report of all seed money contributions and expenditures. If the candidate is certified, any unspent seed money will be deducted from the amount distributed to the candidate as provided in subsection 8-A. [2009, c. 302, §11 (AMD); 2009, c. 302, §24 (AFF).]

[ 2007, c. 443, Pt. B, §6 (NEW); 2009, c. 302, §11 (AMD); 2009, c. 302, §24 (AFF) .]

**2-B. Seed money required for gubernatorial candidates; documentation.** For seed money contributions that a candidate for Governor collects to satisfy the requirement in subsection 5, paragraph C- 1, the candidate shall obtain the contributor's name, residence address, mailing address, telephone number if provided by the contributor and other information required for reporting under section 1017, subsection 5. For these contributions, the candidate shall submit to the commission during the qualifying period:

A. A contribution acknowledgment form as determined by the commission, to be completed by each person that contributes seed money, that includes the name, residence address, mailing address, optional telephone number and signature of the person making the seed money contribution acknowledging that the contribution was made with the person's personal funds and will not be reimbursed by any source; [2009, c. 363, §3 (NEW).]

B. A list of the seed money contributions in a format determined by the commission that includes the name and mailing address of the contributor; [2009, c. 363, §3 (NEW).]

C. For seed money contributions received by check or money order, photocopies of the check or money order; and [2009, c. 363, §3 (NEW).]

D. For seed money contributions received by debit or credit card, a bank or merchant account statement that contains the cardholder's name and that otherwise meets the requirements specified by the commission in order to verify compliance with subsection 5, paragraph C- 1. [2009, c. 363, §3 (NEW).]

The commission may permit the submission of an online or electronic acknowledgment form as required by paragraph A for seed money contributions made via the Internet. The telephone numbers, e-mail addresses and bank account and credit card information of contributors that candidates have submitted to the commission pursuant to this subsection are confidential, except that the commission may disclose this information in a final audit or investigation report or determination if the information or record is materially relevant to a finding of fact or violation.

[ 2009, c. 524, §14 (AMD) .]


**3. Qualifying contributions.** Participating candidates must obtain qualifying contributions during the qualifying period as follows:

A. For a gubernatorial candidate, at least 3,250 verified registered voters of this State must support the candidacy by providing a qualifying contribution to that candidate; [2007, c. 240, Pt. F, §1 (AMD); 2007, c. 443, Pt. B, §6 (AMD).]

B. For a candidate for the State Senate, at least 175 verified registered voters from the candidate's electoral division must support the candidacy by providing a qualifying contribution to that candidate; or [2009, c. 286, §6 (AMD).]

C. For a candidate for the State House of Representatives, at least 60 verified registered voters from the candidate's electoral division must support the candidacy by providing a qualifying contribution to that candidate. [2009, c. 286, §7 (AMD).]

A payment, gift or anything of value may not be given in exchange for a qualifying contribution. A

 **6. Restrictions on contributions and expenditures for certified candidates.** After certification, a candidate must limit the candidate's campaign expenditures and obligations, including outstanding obligations, to the revenues distributed to the candidate from the fund and may not accept any contributions unless specifically authorized by the commission. Candidates may also accept and spend interest earned on fund revenues in campaign bank accounts. All revenues distributed to a certified candidate from the fund must be used for campaign-related purposes. The candidate, the treasurer, the candidate's committee authorized pursuant to section 1013-A, subsection 1 or any agent of the candidate and committee may not use these revenues for any but campaign-related purposes. A television advertisement purchased with these revenues must be closed-captioned when closed-captioning is available from the broadcasting station who will broadcast the advertisement. The commission shall publish guidelines outlining permissible campaign-related expenditures.

[ 2009, c. 105, §1 (AMD) .]

**6-A. (TEXT EFFECTIVE UNTIL 9/1/11) Assisting a person to become an opponent.** A candidate or a person who later becomes a candidate and who is seeking certification under subsection 5, or an agent of that candidate, may not assist another person in qualifying as a candidate for the same office if such a candidacy would result in the distribution of revenues under subsections 7 and 8 for certified candidates in a contested election.

[ 2007, c. 443, Pt. B, §6 (NEW) .]

**6-A. (TEXT EFFECTIVE 9/1/11) Assisting a person to become an opponent.** A candidate or a person who later becomes a candidate and who is seeking certification under subsection 5, or an agent of that candidate, may not assist another person in qualifying as a candidate for the same office if such a candidacy would result in the distribution of revenues under subsections 7 and 8-A for certified candidates in a contested election.

[ 2009, c. 302, §12 (AMD); 2009, c. 302, §24 (AFF) .]

**6-B. Expenditures as payment to household members.**

[ 2009, c. 302, §13 (RP) .]

**6-C. Expenditures to the candidate or family or household members.** Expenditures to the candidate or immediate family member or household member of the candidate are governed by this subsection.

A. The candidate may not use fund revenues to compensate the candidate or a sole proprietorship of the candidate for campaign-related services. [2009, c. 302, §14 (NEW).]

B. A candidate may not make expenditures using fund revenues to pay a member of the candidate's immediate family or household, a business entity in which the candidate or a member of the candidate's immediate family or household holds a significant proprietary or financial interest or a nonprofit entity in which the candidate or a member of the candidate's immediate family or household is a director, officer, executive director or chief financial officer, unless the expenditure is made:

- (1) For a legitimate campaign-related purpose;
- (2) To an individual or business that provides the goods or services being purchased in the normal course of the individual's occupation or the business; and

[ 1995, c. 1, §17 (NEW) .]

**12. Reporting; unspent revenue.** Notwithstanding any other provision of law, participating and certified candidates shall report any money collected, all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission. If a certified candidate pays fund revenues to a member of the candidate's immediate family or household or a business or nonprofit entity affiliated with a member of the candidate's immediate family or household, the candidate must disclose the candidate's relationship to the payee in a manner prescribed by the commission. Upon the filing of a final report for any primary election in which the candidate was defeated and for all general elections that candidate shall return all unspent fund revenues to the commission. In developing these procedures, the commission shall utilize existing campaign reporting procedures whenever practicable. The commission shall ensure timely public access to campaign finance data and may utilize electronic means of reporting and storing information.

[ 2009, c. 302, §20 (AMD) .]

**12-A. Required records.** The treasurer shall obtain and keep:

- A. Bank or other account statements for the campaign account covering the duration of the campaign; [2005, c. 542, §5 (NEW).]
- B. A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more; [2009, c. 302, §21 (AMD).]
- C. A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, cash receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and [2009, c. 302, §21 (AMD).]
- D. [2009, c. 524, §15 (RP).]
- E. A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate. [2009, c. 524, §16 (NEW).]

The treasurer shall preserve the records for 3 years following the candidate's final campaign finance report for the election cycle. The candidate and treasurer shall submit photocopies of the records to the commission upon its request.

[ 2009, c. 524, §§15, 16 (AMD) .]

**12-B. Audit requirements for candidates for Governor.** The commission shall audit the campaigns of candidates for Governor who receive funds under this chapter to verify compliance with election and campaign laws and rules. Within one month of declaring an intention to qualify for public financing, a candidate for Governor, the campaign's treasurer and any other relevant campaign staff shall meet with the staff of the commission to discuss audit standards, expenditure guidelines and record-keeping requirements.

[ 2007, c. 443, Pt. B, §6 (NEW) .]

**12-C. Payments to political committees.** If a certified candidate makes a payment of fund revenues to a political action committee or party committee, the candidate shall include in reports required under this section a detailed explanation of the goods or services purchased according to forms and procedures developed by the commission that is sufficient to demonstrate that the payment was made solely to promote the candidate's election.



## 21-A MRSA §1127. VIOLATIONS

\* [ 1. **Civil fine.** In addition to any other penalties that may be applicable, a person who violates any provision of this chapter or rules of the commission adopted pursuant to section 1126 is subject to a fine not to exceed \$10,000 per violation payable to the fund. The commission may assess a fine of up to \$10,000 for a violation of the reporting requirements of sections 1017 and 1019-B if it determines that the failure to file a timely and accurate report resulted in the late payment of matching funds. In addition to any fine, for good cause shown, a candidate, treasurer, consultant or other agent of the candidate or the political committee authorized by the candidate pursuant to section 1013-A, subsection 1 found in violation of this chapter or rules of the commission may be required to return to the fund all amounts distributed to the candidate from the fund or any funds not used for campaign-related purposes. If the commission makes a determination that a violation of this chapter or rules of the commission has occurred, the commission shall assess a fine or transmit the finding to the Attorney General for prosecution. A final determination by the commission may be appealed to Superior Court in accordance with Title 5, chapter 375, subchapter 7 and the Maine Rules of Civil Procedure, Rule 80C. Fines assessed or orders for return of funds issued by the commission pursuant to this subsection that are not paid in full within 30 days after issuance of a notice of the final determination may be enforced in accordance with section 1004-B. Fines paid under this section must be deposited in the fund. In determining whether or not a candidate is in violation of the expenditure limits of this chapter, the commission may consider as a mitigating factor any circumstances out of the candidate's control.

[ 2009, c. 302, §23 (AMD) .]

2. **Class E crime.** A person who willfully or knowingly violates this chapter or rules of the commission or who willfully or knowingly makes a false statement in any report required by this chapter commits a Class E crime and, if certified as a Maine Clean Election Act candidate, must return to the fund all amounts distributed to the candidate.

[ 1995, c. 1, §17 (NEW) .]

### SECTION HISTORY

IB 1995, c. 1, §17 (NEW). 2003, c. 81, §1 (AMD). 2005, c. 301, §33 (AMD). 2005, c. 542, §6 (AMD). 2009, c. 302, §23 (AMD).



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

June 8, 2011

Michael E. Lawson  
422 Brook Street  
Westbrook, ME 04092

Subject: Final Audit Report – 2010 Campaign Contributions and Expenditures

Dear Mr. Lawson:

Enclosed is the final audit report by the Commission on Governmental Ethics and Election Practices (Commission) concerning our examination of your 2010 House of Representatives campaign contributions and expenditures. We plan to present the report to our members at the June 23, 2011 Commission meeting. In advance of the meeting, Jonathan Wayne, the Commission's Executive Director, will contact you to provide you with the opportunity to appear before the commissioners to discuss the audit findings and recommendations.

Sincerely,

A handwritten signature in dark ink, appearing to read "Vincent W. Dinan".

Vincent W. Dinan  
Commission Auditor

Enclosure

cc: Susan Lynch, Campaign Treasurer  
Sandra Thompson, Candidate Registrar



STATE OF MAINE  
COMMISSION ON GOVERNMENTAL ETHICS  
AND ELECTION PRACTICES  
135 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0135

June 8, 2011

**Audit Report No. 2010-HR009**

**Candidate: Michael E. Lawson  
House District 125**

**Background**

Michael E. Lawson was a candidate for the Maine House of Representatives, District 125 in the 2010 general election. Mr. Lawson was certified for Maine Clean Election Act (MCEA) funding on April 21, 2010. Under the terms of the Act, MCEA candidates are required to submit reports of contributions received, campaign expenditures, equipment purchases and dispositions, and outstanding campaign debt for specified periods during the election cycle.

**Audit Scope**

The auditor examined selected contributions made to the campaign, and documentation for expenditures made during the following reporting periods:

- Seed Money (11/5/2008 through 4/21/2010)
- Eleven Day Pre-Primary (4/22/2010 through 5/25/2010)
- 42 Day Post-Primary (5/26/2010 through 7/13/2010)
- 42 Day Pre-General (7/14/2010 through 9/14/2010)
- 11 Day Pre-General (9/15/2010 through 10/19/2010)
- 42 Day Post-General (10/21/2010 through 12/7/2010)

The transactions examined were recorded in the campaign's accounting and banking records. The audit's purpose was to determine if the identified contributions and expenditures (1) were properly approved by the candidate or her/his authorized representative; (2) were adequately documented as evidenced by original vendor invoices and cancelled checks or other acceptable third party disbursement documentation; (3) were properly reported to the Commission; and (4) complied in all material respects with the requirements of the Maine Clean Election Act and the Commission's rules.

Audit Findings and Recommendations

**Finding No. 1 – Filing a Campaign Finance Report That Substantially Misreported Expenditures**

Michael Lawson qualified for MCEA funding on April 21, 2010. Mr. Lawson submitted his Seed Money campaign finance report at that time, indicating that his campaign had received contributions of \$375 and had spent \$375 for campaign advertising, with no funds remaining at the date of qualification. In accordance with standard practice, and because they understood that no Seed Money funds remained on hand, the Commission staff paid Mr. Lawson the statutory maximum of \$512 for the primary election.

The auditor found, however, that on the certification date, the Lawson Campaign bank account contained \$375, and that no expenditures were made by the candidate during the Seed Money period. In fact, no disbursements cleared the campaign bank account until June, 2010. Accordingly, because the candidate misreported the outstanding balance of Seed Money on hand at the MCEA certification date, the Commission over-paid Mr. Lawson \$375. In addition, the errors contained in the Seed Money report carried through and affected the beginning and ending cash balances of all of the candidate's subsequent campaign finance reports. Exhibit I illustrates the reporting violation.

Standard - 21-A M.R.S.A. § 1125(2-A)(C) states that "Upon requesting certification, a participating candidate shall file a report of all seed money contributions and expenditures. If the candidate is certified, any unspent seed money will be deducted from the amount distributed to the candidate ..." 21-A M.R.S.A. § 1004-A(4) states that "A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000."

Recommendation – Candidates seeking office in the Maine Legislature should be held to a high standard in disclosing expenditures in campaign finance reports. Candidates should be careful only to report expenditures that have actually been made. In this instance, the candidate was overpaid by \$375, because he incorrectly reported a \$375 expenditure that had not been made.

The Commission staff recommends that the Commission find that Michael Lawson violated 21-A M.R.S.A. § 1125(2-A)(C) by failing to accurately report that he had made no expenditures of seed money. The staff does not recommend a monetary penalty for this violation as the total financial penalties we are recommending related to other findings are substantial, and no purpose would be served by imposing an additional financial burden on the candidate.

**Finding No 2 – Use of MCEA Funds to Pay Qualifying Period Expenditures**

In the MCEA program, candidates must use seed money (exclusively) to pay for goods and services received during the qualifying period. Candidates are prohibited by statute from using MCEA funds to retroactively pay for goods or services received prior to "certification" (qualifying for public funds). The Lawson campaign used MCEA funds to pay for goods or

**2010 Campaign Audit  
Candidate Michael E. Lawson**

services received prior to the candidate's April 21, 2010 certification as an MCEA candidate, as follows:

- A \$375 payment to Spectrum Marketing for campaign literature. The expenditure was reported as being made on April 19, 2010; in fact, it was not made until September, 2010, and the payment was made with MCEA funds.
- A payment to T. Richardson on May 27, 2010 in the amount of \$50.
- A payment to C. Richardson on May 27, 2010 for \$50. According to Mr. Lawson, T. and C. Richardson were campaign workers who solicited qualifying contributions on his behalf during the Seed Money period. The payments made to these individuals were made from MCEA funds. (NOTE: see Finding No. 4 regarding the payments to T. and C. Richardson which were not reported to the Commission).

Standard – 21-A M.R.S.A. § 1125(2-A) (A) states that "All goods and services received prior to certification must be paid for with seed money contributions ... B. It is a violation of this chapter for a participating candidate to use fund revenues received after certification to pay for goods and services received prior to certification."

Recommendation – the Commission staff recommends that the Commission:

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(2-A)(A) by using MCEA funds to pay for services received prior to certification as an MCEA candidate; and
- assess a penalty of \$100 for the violation under 21-A M.R.S.A. § 1127(1).

As part of Finding No. 4, the Commission staff recommends repayment of these amounts, because they are not permitted under the MCEA.

**Finding No. 3 – Undocumented Expenditures Reported to the Commission**

The Lawson Campaign reported ten expenditures made during the Eleven Day Pre-General and 42 Day Post-General reporting periods for which there were no records of disbursement from the campaign bank account and for which supporting documentation was missing. Exhibit II lists the transactions in question. The amount of questioned expenditures totaled \$1,895.97. Of the eight expenditures the candidate reported in his 42 Day Post-General Report, only one was an actual disbursement made from the campaign bank account.

Mr. Lawson informed the Commission staff that it was his practice to pay many campaign expenses from personal funds and then to reimburse himself from the campaign bank account. Among the ten expenditures we are questioning are the following:

- Two payments to Spectrum Marketing totaling \$870.89 that were completely unsubstantiated by documentation from the company and records of bank disbursements. The Commission staff concludes that these payments were not made.

- Four payments to the CITGO gas station, Route 302, totaling \$189 for which no invoices, cash receipts, or other payment documentation was provided by the campaign. The candidate explained in a meeting with Commission staff that these reported expenditures were estimates of actual payments he made for gas for campaign purposes.
- Two payments totaling \$436.08 made to the Home Depot. The campaign was unable to provide invoices, receipts, or any other record of payment for either transaction. Mr. Lawson stated that in one instance, he paid cash (\$229.62) and lost the receipt. He recalled that the payment was for plywood stakes and paint to replace signs destroyed by the weather. If the candidate, in fact, made these payments, it was not with campaign funds, but rather some other source of cash. Without invoices, the Commission's auditor is unable to verify that these purchases were for campaign goods that could be reimbursed with MCEA funds.
- Two payments of \$150 and \$250, respectively, to Michael Lawson. As with the transactions above, the campaign was unable to provide invoices, receipts, or other records of payment to support the disbursements. According to the 42 Day Post-General report, the \$150 disbursement was a mileage reimbursement; with respect to the \$250 payment, Mr. Lawson stated that he believed it was for mileage reimbursement, and that was confirmed by the report. He further stated that he did not maintain mileage logs (as required by Commission rules), but that, as indicated above, he normally paid for gas out personal funds and reimbursed himself from the campaign bank account. Mr. Lawson noted that in this case, the \$250 payment to him was based on an estimate of what he should be reimbursed; there was no documentation to support the payment. It should be noted, however, that in the final analysis, the Lawson Campaign made neither of the reported payments.

Standard – 21-A M.R.S.A. §1125 (12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.” 21-A M.R.S.A. §1125 (12-A) (B) & (C) states in part that “ The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate.”. 21-A M.R.S.A. § 1004-A(4) states that “A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000.”

Recommendation – the Commission staff recommends that the Commission:

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(12) by falsely reporting up to 10 expenditures (including with specific dates and amounts) that did not, in fact occur; and
- find that Michael Lawson violated 21-A M.R.S.A. § 1125(12-A) by failing to keep required invoices and records that verify payments were made to the reported vendors (such as canceled checks).

The Commission staff takes the position that the expenditure reporting errors related to the requirements of 21-A M.R.S.A. §1125 (12) discussed in findings 3, 4, 6, 8, and 9 are all parts of the same whole in terms of the type and extent of statutory and regulatory violations. The staff therefore recommends a penalty of \$500 which would apply across all of the referenced findings as they relate to the indicated subsection of the Act.

In addition, the Commission staff recommends disallowing all ten reported expenditures, either because the reported payments did not, in fact, occur or because the campaign did not keep documentation demonstrating that the expenditures were made for campaign purposes. The following finding (No. 4) contains a recommendation that the candidate repay \$711.91 in public campaign funds.

**Finding No. 4 – Disbursements from the campaign bank account that were not reported to the Commission and which were wholly or partially undocumented**

The auditor analyzed all transactions listed in the campaign bank account. The examination disclosed eleven disbursements made from the account that were not reported to the Commission in the candidate's periodic campaign finance reports, and which were either wholly or partially undocumented. The amount of unreported expenditures was \$2,382.01. This is a large amount of financial activity to be omitted from campaign finance reports for a House campaign. Exhibit III sets forth the actual disbursements from the campaign's account, and whether each disbursement was – or was not – reported.

The list of unreported disbursements includes the following significant payments:

- Two cash withdrawals by the candidate of \$100 and \$200, respectively, with no documentation or other indication of how these monies were used. The Commission staff therefore recommends disallowing the cash withdrawals.
- A payment to Spectrum Marketing in the amount of \$1,670.10 for campaign literature. Documentation was initially not on file with the campaign; however, the candidate ultimately was able to obtain a copy of an invoice, and the campaign bank statement showed an electronic funds transfer in the correct amount. The auditor concluded, therefore, that although not reported, the disbursement was a valid campaign expenditure. (see Finding No. 9). The Commission recommends accepting this payment, because it was for a legitimate campaign purpose.

**2010 Campaign Audit**  
**Candidate Michael E. Lawson**

- Three payments to, or on behalf of, the candidate for personal, non-campaign related expenditures: payment to Michael Lawson on November 12, 2010 for \$49; a payment to Cabela's Retail on November 11, 2010 for \$42; and a payment to Cabela on November 11, 2010 for \$48.91. In a meeting with campaign staff, the candidate acknowledged that he used campaign funds to make personal purchases, because he used the wrong checkbook by mistake. Mr. Lawson reimbursed the campaign account for the three payments in February, 2011, after he had been notified that the Commission was commencing an audit of his campaign.
- One payment of \$20.00 disbursed from the campaign bank account in February, 2011 which was unreported and undocumented.

Standard – 21-A M.R.S.A. §1125(12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.” 21-A M.R.S.A. §1125 (12-A) (B) (C) states in part that “ The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate.”. 21-A M.R.S.A. § 1004-A(4) states that “A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000.”

Recommendation – the Commission staff recommends that the Commission:

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(12) by failing to disclose significant expenditures made with campaign funds.
- find that Mr. Lawson violated 21-A M.R.S.A. § 1125(12-A) by failing to keep records required by law, including invoices and records that verify payments were made to the reported vendors (such as canceled checks).
- direct Mr. Lawson to repay to the State of Maine \$711.91 in MCEA funds to cover disbursements which the Commission should treat as unallowable, including:
  - two payments of \$50 for services received by the campaign prior to certification as an MCEA candidate (discussed in Finding No. 2);
  - cash withdrawals of \$100 and \$200 with no clear connection to any specific campaign purchase (see Finding No. 5);
  - a \$35 payment to Luke Oil Minimart, which was not properly documented by the campaign (no mileage log, no invoice) from Luke Oil Minimart;
  - a payment of \$117.00 to Lambert Sand, which was not documented with an invoice and could have been used for personal purposes (see Finding No. 5);



- three payments in the amounts of \$49.00, \$42.00, and \$48.91 made after the general election which the campaign concedes were for personal – not campaign – purposes; and
- one \$20.00 disbursement from the campaign bank account in February, 2011 that was undocumented.

The Commission staff's penalty recommendation is as indicated in Finding No. 3; the \$500 penalty should apply to Finding No. 4 as well.

#### **Finding No. 5 – Use of MCEA funds for non-campaign purposes**

As discussed above, Michael Lawson made three payments from the campaign bank account to, or on behalf of, himself for personal non-campaign related expenditures. Check number 535 for \$49 was paid to Michael Lawson on November 12, 2010; check number 534 in the amount of \$42 was remitted to Cabela's Retail on November 11, 2010; and check number 536 for \$48.91 was paid to Cabela on November 11, 2010. The candidate acknowledged that the payments for personal expenditures were made from the campaign bank account. Mr. Lawson reimbursed the campaign account for the three payments in February, 2011, after he had been notified that the Commission was commencing an audit of his campaign.

The audit disclosed three other disbursements about which the Commission staff has concerns. First, the campaign made a payment of \$117.00 to Lambert Sand. The candidate does not have an invoice showing the goods that were purchased. He did not report the expenditure, and it would not have been known publicly had the candidate not been selected for an audit. When asked about the purchase in a meeting with campaign staff, the candidate explained that he purchased gravel and rocks to hold down some A-frame campaign signs. He said that almost all of the gravel and rocks were used for this purpose. The Commission staff's research indicated that gravel products can cost \$7-\$11 per cubic yard, and stone products can cost around \$20 per cubic yard, so it appears a fairly large quantity (at least 5 cubic yards) was purchased for \$117.00. The Commission recommends including this payment within the finding of using MCEA funds for non-campaign purposes.

Also, the candidate withdrew \$100 in cash on September 24, 2010 and \$200 on October 4, 2010. In a meeting with Commission staff, the candidate stated that he believed these withdrawals were to reimburse himself for the purchase of gas and for two Home Depot purchases. Without any documents supporting the expenditures, the Commission staff does not know whether the explanation is credible.

Standard – 21-A M.R.S.A. §1125 (6) states in part that "All revenues distributed to a certified candidate from the fund must be used for campaign-related purposes. The candidate, the treasurer, the candidate's committee authorized pursuant to section 1013-A, subsection 1 or any agent of the candidate and committee may not use these revenues for any but campaign-related purposes."

In addition, Commission Rules, Chapter 3, section 6 (3) states "A certified candidate must: ... use revenues distributed from the fund only for campaign-related purposes as outlined in guidelines published by the Commission, and not for personal or any other use...."

The Commission staff recommends that the Commission:

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(6) by spending MCEA funds for purposes not related to the campaign; and
- assess a penalty against Michael Lawson of \$100 under 21-A M.R.S.A. § 1127(1) for this violation.

### **Finding No. 6 – Duplicate reporting of campaign expenditures**

The candidate engaged Spectrum Marketing to provide campaign literature and related services to the Lawson Campaign. Exhibit IV lists the invoices submitted by Spectrum to the campaign, and also lists payments made by the campaign to Spectrum.

The Lawson Campaign reported the following payments to Spectrum: \$375 on April 19, 2010 and \$496 on August 17, 2010, the two payments totaling \$871. As indicated in finding no. 1 above, the campaign did not pay Spectrum \$375 on April 19<sup>th</sup>; instead, payment appeared to be remitted in September, 2010, as part of check number 511 for \$395 (this payment included a \$20 amount for another invoice).

As discussed in Finding No. 3, the Lawson Campaign also reported two other payments to Spectrum: \$730 on October 22, 2010, and \$140.89 on October 29, 2010, the two payments totaling \$870.89. The audit examination found no invoices from Spectrum or payments to Spectrum that matched these amounts. The candidate was unable to explain the reporting disparities. The auditor verified with the Spectrum Marketing billing department that Spectrum had no record of the referenced transactions. The Commission staff speculates, based on the information provided in the Spectrum Billing Statement (Exhibit IV), that the undocumented expenditures totaling \$870.89 were not made by the campaign, but in fact duplicates the actual expenditures totaling \$871 that the staff was able to corroborate. Accordingly, the auditor regards the \$730 and \$140.89 reported expenditures as nonexistent, resulting in an over-statement of \$870.89 in total campaign expenditures.

Standard – 21-A M.R.S.A. §1125(12) states in part that "participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission." 21-A M.R.S.A. §1125 (12-A) (B) (C) states in part that " The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate." 21-A M.R.S.A. § 1004-A(4) states that "A person that files a campaign finance

report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000.”

Recommendation – the Commission staff recommends that the Commission find that Michael Lawson violated 21-A M.R.S.A. § 1125(12) by failing to accurately report expenditures made to Spectrum Marketing. The staff further recommends that the Commission consider the penalty of \$500 recommended in Finding No. 3 to apply to finding No 6 as well.

### **Finding No. 7 – Undocumented Mileage Reimbursements**

Commission rules permit candidates to reimburse themselves for vehicle travel costs incurred during the course of their campaigns. The reimbursement rate is \$.44 per mile, and reimbursement claims must be supported by a mileage log that records the number of miles traveled and states the campaign purpose of the travel.

The Lawson Campaign reported four payments to Citgo Gas Station for fuel expenses totaling \$189.00. In addition, the candidate reported two payments to himself, \$150 and \$250, respectively, for mileage reimbursements, informing the Commission staff that this payment constituted reimbursement for mileage expense he incurred during the campaign. Candidates are allowed to claim reimbursement for fuel costs as long as there are vehicle mileage logs that substantiate the claim, i.e., fuel cost/number of miles traveled equals \$.44/mile or less. The candidate informed the auditor that he did not maintain any mileage logs or other record of travel; accordingly, the referenced fuel cost claims and the \$400 reimbursement reported by the candidate was unsubstantiated. It should be noted that the payments discussed above were not actually made; the candidate falsely reported both the reimbursements and the bases for the reimbursements.

Standard – Commission Rules, Chapter Three, Section 7 (1) (C) state that “A candidate or treasurer must obtain and keep a record of vehicle travel expenses for which reimbursements are made from campaign funds. Reimbursement must be based on the standard mileage rate prescribed for employees of the State of Maine for the year in which the election occurs. For each trip for which reimbursement is made, a record must be maintained showing the dates of travel, the number of miles traveled, the origination, destination and purpose of the travel, and the total amount claimed for reimbursement. A candidate may be reimbursed for vehicle travel expenses at a rate less than the standard mileage rate.”

Recommendation – the Commission staff recommends that the Commission find that the campaign violated Section 7(1)(C) of Chapter 3 of the Commission’s rules by using MCEA funds to reimburse the candidate for vehicle travel without keeping the required logs of campaign travel. The Commission recommends no monetary penalty for this violation. As indicated in Finding No. 4, because the campaign did not keep mileage logs, the staff recommends not allowing two actual cash withdrawals of \$100 and \$200 that the candidate stated orally to the Commission staff may have been intended to reimburse him for travel and a payment of \$35 to Luke Oil Minimart.

### **Finding No. 8 – Misreporting Total Campaign Expenditures**

As indicated throughout this report, the Lawson Campaign misreported some expenditures, omitted reporting others, and in general failed to accurately account for their use of Clean Election funds. Expenditure totals were misstated, as were the total expenses incurred by the candidate for his entire campaign. Mr. Lawson reported accumulated total expenditures of \$5,031 in his 42 Day Post-General campaign finance report. The audit verified that only \$2,740.03 of the expenditures reported were actually made. The audit further determined that the campaign made \$2,382.01 in disbursements from the campaign bank account that went unreported in the candidate's campaign finance reports (see Exhibit III). In summary, the auditor found that the campaign made payments totaling \$4,430.13 for goods and services that were allowable and properly documented, and paid \$711.91 for goods and services that were either unallowable or undocumented.

Standard – 21-A M.R.S.A. §1125(12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.”

Recommendation – the Commission staff recommends that the Commission find that Michael Lawson violated 21-A M.R.S.A. § 1125(12) by failing to accurately report expenditures of MCEA funds. The staff further recommends that the Commission consider the penalty of \$500 recommended in Finding No. 3 to apply to finding No. 8 as well.

### **Finding No. 9 – Late Filing of the Eleven Day Pre-General Campaign Finance Report**

In the Eleven Day Pre-General campaign finance report filed by Mr. Lawson on October 22, 2010, the candidate grossly understated his actual campaign expenditures for the period ending October 19, 2010. The October 22<sup>nd</sup> report listed \$705.42 in expenses; the report omitted a payment to Spectrum Marketing on October 4, 2010 of \$1,670.10, and total expenses for the reporting period should have been at least \$2,375.52. The report was not corrected, and because of the omissions, the public was not informed before the election of the bulk of the candidate's expenditures during the reporting period. The Commission staff views the original report as essentially unfiled because the report did not substantially conform to the Commission's disclosure requirements. Accordingly, the period of late filing extends from October 23, 2010 to the current date.

Standard – 21-A M.R.S.A. §1013-A (4) states that “ Any contribution accepted and any expenditure made or authorized by or on behalf of a candidate registered under this section or qualified under sections 335 and 336 or sections 354 and 355 must be recorded and reported as provided in sections 1016 and 1017. 21-A M.R.S.A. § 1016 states that “Each treasurer shall keep detailed records of all contributions received and of each expenditure that the treasurer or candidate makes or authorizes, as provided in this section. When reporting contributions and expenditures to the commission as required by section 1017, the treasurer shall certify the completeness and accuracy of the information reported by that treasurer. 21-A M.R.S.A. §1017 (3-B) (5) states in part that “The report must contain the

2010 Campaign Audit  
Candidate Michael E. Lawson

itemized expenditures made or authorized during the report filing period, the date and purpose of each expenditure and the name of each payee and creditor.”

Recommendation – the Commission staff recommends that the Commission

- find that the Eleven Day Pre-General campaign finance report was late under 21-A M.R.S.A. § 1020-A(2), because it did not substantially conform to the disclosure requirements of Chapter 13, Subchapter II of the Election Law (particularly the requirement to report expenditures in § 1017(5)); and
- assess no financial penalty for this violation.

Candidate's Comments on the Report

Mr. Lawson's comments on the findings and recommendations contained in this report are presented in Exhibit V along with the auditor's responses.

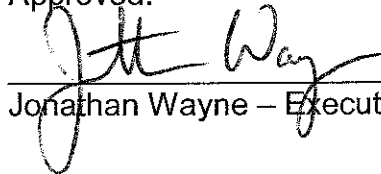
Respectfully Submitted,



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Vincent W. Dinan, Auditor

Approved:



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Jonathan Wayne – Executive Director

Attachments

MAINE COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES				
2010 CAMPAIGN AUDIT				
CANDIDATE: MICHAEL E. LAWSON				
HOUSE DISTRICT 125				
AUDIT REPORT - FINDING NO. 1				
FILING A CAMPAIGN FINANCE REPORT THAT SUBSTANTIALLY MISREPORTED EXPENDITURES				
<b>Background</b>				
The candidate reported Seed Money contributions of \$375 and expenditures totaling \$375, resulting in an ending Seed Money balance of \$0.00. The audit disclosed that the campaign made no expenditures during the Seed Money period. The Commission staff, relying on the candidate's report, disbursed \$512 to the campaign, the statutory maximum for participation in the primary election.				
<b>Analysis</b>				
<b>Seed Money Report:</b>				
Contributions - Listed on Schedule A			\$375.00	
Expenditures - Listed on Schedule B			(\$375.00)	
Balance			\$0.00	
<b>Initial MCEA Disbursement:</b>				
Amount available, statutory			\$512.00	
Net balance of Seed Money, from above			\$0.00	
MCEA funds payable			\$512.00	
<b>Actual, per bank statements:</b>				
Seed Money deposits			\$375.00	
Seed Money expenditures			\$0.00	
Balance at candidate qualification			\$375.00	
<b>MCEA constructive payment re-calculation:</b>				
Available MCEA payment			\$512.00	
Less: unexpended Seed Money, per bank statement			(\$375.00)	
Re-calculated MCEA monies payable to M. Lawson			\$137.00	
Amount to be recovered by the Ethics Commission			\$375.00	

# EXHIBIT II

MAINE COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES						
2010 CAMPAIGN AUDIT						
CANDIDATE: MICHAEL E. LAWSON						
HOUSE DISTRICT 125						
AUDIT REPORT - FINDING NO. 3						
UNDOCUMENTED EXPENDITURES						
EXPENDITURE	DATE PAID	REPORTED PMT. DATE	REPORTED PMT. AMOUNT	REPORTING PERIOD	ISSUES	
CITGO Gas Station Route 302 - TRV		9/14/2010	\$ 35.00	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
CITGO Gas Station Route 302 - TRV		9/20/2010	\$ 60.00	11 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
CITGO Gas Station Route 302 - TRV		10/1/2010	\$ 60.00	11 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
Spectrum Marketing - replacement signs		10/29/2010	\$ 140.89	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
Spectrum Marketing - palm cards		10/22/2010	\$ 730.00	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
The Home Depot - paint, 4' stacks, 4'x3' sheets of plywood		10/29/2010	\$ 229.62	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
The Home Depot - plywood 4'x3' 4' stacks paint		10/20/2010	\$ 206.46	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
CITGO Gas Station Route 302 - TRV		11/1/2010	\$ 34.00	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
Michael E. Lawson - gas mileage one week		10/24/2010	\$ 150.00	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
Michael E. Lawson - fuel mileage two vehicles		10/31/2010	\$ 250.00	42 DAY PG	No invoice, cash receipt, cancelled check or other payment documentation	
Total			\$ 1,895.97			

MAINE COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES									
2010 CAMPAIGN AUDIT									
CANDIDATE: MICHAEL E. LAWSON									
HOUSE DISTRICT 125									
AUDIT REPORT - FINDINGS NO. 4 AND 8									
UNREPORTED AND MISREPORTED CAMPAIGN EXPENDITURES									
EXPENDITURE	DATE PAID	REPORTED PMT. DATE	REPORTED DISBURSEMENTS	ACTUAL AND REPORTED DISBURSEMENTS	REPORTING PERIOD	SOURCE OF FUNDS	ALLOWABLE	UNALLOWABLE	ISSUES
Spectrum Marketing - palm cards, yard signs	8/17/2010	8/17/2010	\$ 496.00	\$ 496.00	42 DAY PG	MCEA	\$ 496.00		
Spectrum Marketing - palm cards, flyers, misc.	9/23/2010	9/24/2010	\$ 375.00	\$ 375.00	42 DAY PG	MCEA	\$ 395.00		Check # 511 paid the \$375 reported in the Seed Money period plus a \$20 shipping fee invoiced by Spectrum on invoice # 215397 dated 8/17/2010.
Welch Stencil Co. - stencil	9/22/2010	9/22/2010	\$ 52.50	\$ 52.50	11 DAY PG	MCEA	\$ 52.50		
The Home Depot - paint, plywood, brushes	9/14/2010	9/15/2010	\$ 137.92	\$ 137.92	11 DAY PG	MCEA	\$ 137.92		
Spectrum Marketing - mailers	10/29/2010	10/27/2010	\$ 1,678.61	\$ 1,678.61	42 DAY PG	MCEA	\$ 1,678.61		
T. Richardson - ck # 506	5/27/2010			\$ 50.00	42 DAY PP	MCEA	\$ 50.00		No invoice; apparent seed money expense paid with MCEA funds
C. Richardson - ck # 505	5/27/2010			\$ 50.00	42 DAY PP	MCEA	\$ 50.00		No invoice; apparent seed money expense paid with MCEA funds
Cash Withdrawal	9/24/2010			\$ 100.00	11 DAY PG	MCEA	\$ 100.00		Undocumented
Luke Oil Minimart - ck # 509	9/16/2010			\$ 35.00	11 DAY PG	MCEA	\$ 35.00		No invoice; receipt or mileage log.
Spectrum Marketing - ACH/EFT	10/4/2010			\$ 1,670.10	11 DAY PG	MCEA	\$ 1,670.10		Apparently valid campaign expenditure, well-documented but not reported by the campaign.
Cash - ck # 531	10/4/2010			\$ 200.00	11 DAY PG	MCEA	\$ 200.00		Undocumented
Lambert Sand - ck # 532	10/8/2010			\$ 117.00	11 DAY PG	MCEA	\$ 117.00		No invoice
Michael Lawson - ck # 535	11/12/2010			\$ 49.00	42 DAY PG	MCEA	\$ 49.00		Campaign funds used for personal expenses
Cabela's Retail - ck # 534	11/11/2010			\$ 42.00	42 DAY PG	MCEA	\$ 42.00		Campaign funds used for personal expenses
Cabela's - ck # 536	11/11/2010			\$ 48.91	42 DAY PG	MCEA	\$ 48.91		Campaign funds used for personal expenses
Cash withdrawal	2/10/2011			\$ 20.00	Unreported	MCEA	\$ 20.00		Campaign funds used for personal expenses
<b>TOTALS</b>			\$ 2,740.03	\$ 2,402.01			\$ 4,430.13	\$ 711.91	
RECONCILIATION TO ENDING BANK BALANCE:									
Cash available:									
Seed Money			\$ 375.00						
MCEA Primary			\$ 512.00						
MCEA general			\$ 4,144.00						
Candidate Deposit			\$ 100.00						
Subtotal			\$ 5,131.00						
Disbursements:									
Allowable			\$ 4,430.13						
Unallowable			\$ 691.91						
Subtotal			\$ 5,122.04						
Ending Bank Balance at 12/7/2010			\$ 8.96						



APR-01-2011 13:04

From: Spectrum Marketing To: 12078742420



DESIGN PRINTING PRESENTING GRAPHIC DESIGN &amp; GENERAL MARKETING

Bill To:

MICHAEL LAWSON FOR STATE REP.  
422 BROOK STREET  
WESTBROOK, ME 04092

## STATEMENT

APR 4 2011

STATEMENT DATE

3/31/2011

## REMIT PAYMENTS TO:

Spectrum Marketing Companies  
95 Eddy Road, Suite 101  
Manchester, NH 03102

603-627-0042 FAX: 603-627-1637  
www.spectrummarketing.com

REP.	AMOUNT DUE	AMOUNT ENC.
KM	\$0.00	

DATE	DESCRIPTION	AMOUNT	BALANCE
12/31/2008	Balance forward		0.00
04/16/2010	INV #122453.	375.00	375.00
07/01/2010	INV #FC 15029. Finance Charge	8.51	383.51
07/29/2010	INV #214373.	496.00	879.51
08/17/2010	INV #215397.	20.00	899.51
08/20/2010	PMT	-496.00	403.51
09/27/2010	PMT #511.	-395.00	8.51
09/29/2010	INV #218875.	1,670.10	1,678.61
10/01/2010	PMT ACH	-1,670.10	8.51
10/20/2010	INV #221000.	1,670.10	1,678.61
10/28/2010	PMT ACH	-1,678.61	0.00

CURRENT	1-30 Days Past Due	31-60 Days Past Due	61-90 Days Past Due	Over 90 Days Past Due	AMOUNT DUE
0.00	0.00	0.00	0.00	0.00	\$0.00

*I hope  
This helps!!*  
*AKA:  
JONATHAN  
WAYNE*

Exhibit V

Candidate's Comments on Audit Report

And

Auditor Response

**2010 Campaign Audit**  
**Candidate: Michael E. Lawson, House District 125**  
**Final Audit Report**  
**Auditor's Response to Candidate's Comments**

**Response to Comment No. 1**

Candidate does not contest facts as reported. No additional comment.

**Response to Comment No. 2**

The issue is not payment to campaign workers for services provided; the issue is that Maine Clean Election Act funds were used to pay for expenses incurred during the qualifying period, which is a violation of the Act.

**Responses to Comment No. 3**

- A. Spectrum was paid for services they invoiced; two reported payments totaling \$870.89 were not actually made. This fact was confirmed with the vendor.
- B. The candidate is referring to another Home depot receipt. The two reported expenditures at issue were undocumented.
- C. Candidate does not contest the facts. No additional comment.

**Response to Comment No. 4**

No comment.

**Response to Comment No. 5**

The candidate repaid monies initially disbursed for personal expenditures two months after the campaign concluded and after the Commission notified him that his campaign was being audited.

**Response to Comments Nos. 6, 7, and 8**

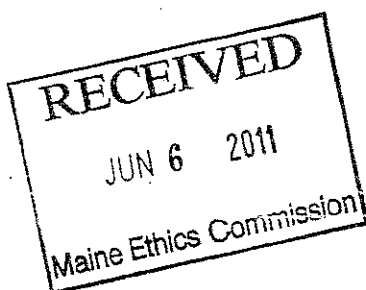
No comment.

**Response to Comments Nos. 9, 10, and 11**

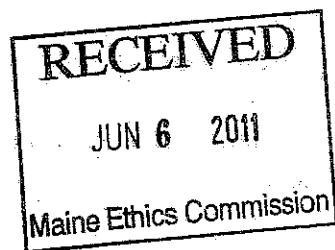
No comment.

I Tried to Report

Every Thing Correctly But the  
Dates were wrong like on the first  
Dis. to Spectrum I thought they took  
The money out Directly the later  
They sent me an Invoil & took the  
money at a later Date



Please note I thought you could  
Pay People for working on Campaign  
These Two Boys went out to collect  
5A pre qualifying funds, after I was  
informed that you couldn't do this  
I repaid the 100.00 Dollars.



## Finding No 2 – Use of MCEA Funds to Pay Qualifying Period Expenditures

In the MCEA program, candidates must use seed money (exclusively) to pay for goods and services received during the qualifying period. Candidates are prohibited by statute from using MCEA funds to retroactively pay for goods or services received prior to "certification" (qualifying for public funds). The Lawson campaign used MCEA funds to pay for goods or services received prior to the candidate's April 21, 2010 certification as an MCEA candidate, as follows:

- Item #2
- A \$375 payment to Spectrum Marketing for campaign literature. The expenditure was reported as being made on April 19, 2010; in fact, it was not made until September, 2010, and the payment was made with MCEA funds.
  - A payment to T. Richardson on May 27, 2010 in the amount of \$50.
  - A payment to C. Richardson on May 27, 2010 for \$50. According to Mr. Lawson, T. and C. Richardson were campaign workers who solicited qualifying contributions on his behalf during the Seed Money period. The payments made to these individuals were made from MCEA funds. (NOTE: see Finding No. 4 regarding the payments to T. and C. Richardson which were not reported to the Commission).

Standard – 21-A M.R.S.A. § 1125(2-A) (A) states that "All goods and services received prior to certification must be paid for with seed money contributions ... B. It is a violation of this chapter for a participating candidate to use fund revenues received after certification to pay for goods and services received prior to certification."

Recommendation – the Commission staff recommends that the Commission:

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(2-A)(A) by using MCEA funds to pay for services received prior to certification as an MCEA candidate; and
- assess a penalty of \$\_\_\_ for the violation under 21-A M.R.S.A. § 1127(1).

As part of Finding No. 4, the Commission staff recommends repayment of these amounts, because they are not permitted under the MCEA.

## Finding No. 3 – Undocumented Expenditures Reported to the Commission

The Lawson Campaign reported ten expenditures made during the Eleven Day Pre-General and 42 Day Post-General reporting periods for which there were no records of disbursement from the campaign bank account and for which supporting documentation was missing. Exhibit II lists the transactions in question. The amount of questioned expenditures totaled \$1,895.97. Of the eight expenditures the candidate reported in his 42 Day Post-General Report, only one was an actual disbursement made from the campaign bank account.

Spectrum was paid in full  
 They always did a direct  
 With draft maybe the  
 dates didn't match but they  
 were made, & paid in full

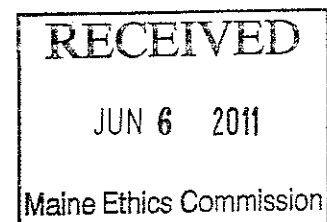
A

The Home Depot I had one Rec. & showed RT  
 The other one was paid cash by. & FAXED RT.  
 me & Reimbursed later, I didn't have  
 any checks with me, so I paid cash

B

I had one or two Rec. for gas? I  
 showed them, I estimated the Rest.

C



### Item #3

Mr. Lawson informed the Commission staff that it was his practice to pay many campaign expenses from personal funds and then to reimburse himself from the campaign bank account. Among the ten expenditures we are questioning are the following:

- Two payments to Spectrum Marketing totaling \$870.89 that were completely unsubstantiated by documentation from the company and records of bank disbursements. The Commission staff concludes that these payments were not made.
- Four payments to the CITGO gas station, Route 302, totaling \$189 for which no invoices, cash receipts, or other payment documentation was provided by the campaign. The candidate explained in a meeting with Commission staff that these reported expenditures were estimates of actual payments he made for gas for campaign purposes.
- Two payments totaling \$436.08 made to the Home Depot. The campaign was unable to provide invoices, receipts, or any other record of payment for either transaction. Mr. Lawson stated that in one instance, he paid cash (\$229.62) and lost the receipt. He recalled that the payment was for plywood stakes and paint to replace signs destroyed by the weather. If the candidate, in fact, made these payments, it was not with campaign funds, but rather some other source of cash. Without invoices, the Commission's auditor is unable to verify that these purchases were for campaign goods that could be reimbursed with MCEA funds.
- Two payments of \$150 and \$250, respectively, to Michael Lawson. As with the transactions above, the campaign was unable to provide invoices, receipts, or other records of payment to support the disbursements. According to the 42 Day Post-General report, the \$150 disbursement was a mileage reimbursement; with respect to the \$250 payment, Mr. Lawson stated that he believed it was for mileage reimbursement, and that was confirmed by the report. He further stated that he did not maintain mileage logs (as required by Commission rules), but that, as indicated above, he normally paid for gas out of personal funds and reimbursed himself from the campaign bank account. Mr. Lawson noted that in this case, the \$250 payment to him was based on an estimate of what he should be reimbursed; there was no documentation to support the payment. It should be noted, however, that in the final analysis, the Lawson Campaign made neither of the reported payments.

Standard – 21-A M.R.S.A. §1125 (12) states in part that “participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission.” 21-A M.R.S.A. §§1125 (12-A) (B) & (C) states in part that “ The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the



I would wait & put away love.  
In at the end of 1 or 2 weeks  
I was craved for time I had  
no help or support from my  
Party yes I could call the IT  
was questions only I left 200 Palm  
Cards They said they would distribute  
They never did but They gave me  
all kinds of Palm cards for the governor  
& other candidates & I moved them

RECEIVED

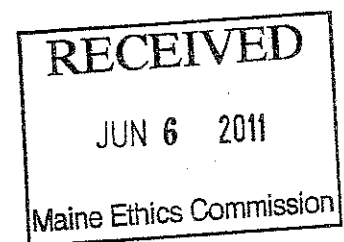
JUN 6 2011

Maine Ethics Commission

This was Repaid as soon  
as I saw This Error

Item #5

The Campaign checks were  
supposed to say for the Election  
but they didn't I thought  
They were Personal account



JUN 6 2011

Maine Ethics Commission

Item #5

showed an electronic funds transfer in the correct amount. The auditor concluded, therefore, that although not reported, the disbursement was a valid campaign expenditure (see Finding No. 9). The Commission recommends accepting this payment, because it was for a legitimate campaign purpose.

- Three payments to, or on behalf of, the candidate for personal, non-campaign related expenditures: payment to Michael Lawson on November 12, 2010 for \$49; a payment to Cabela's Retail on November 11, 2010 for \$42; and a payment to Cabela on November 11, 2010 for \$48.91. In a meeting with campaign staff, the candidate acknowledged that he used campaign funds to make personal purchases, because he used the wrong checkbook by mistake. Mr. Lawson reimbursed the campaign account for the three payments in February, 2011, after he had been notified that the Commission was commencing an audit of his campaign.

Standard – 21-A M.R.S.A. §1125(12) states in part that "participating and certified candidates shall report ... all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission." 21-A M.R.S.A. §1125 (12-A) (B) (C) states in part that "The treasurer shall obtain and keep ... A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more ... A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor or bank or credit card statement identifying the vendor as the payee; and ... A document such as an invoice, contract or timesheet that specifies in detail the services provided by a vendor who was paid \$500 or more for the election cycle for providing campaign staff or consulting services to a candidate." 21-A M.R.S.A. § 1004-A(4) states that "A person that files a campaign finance report that substantially misreports contributions, expenditures or other campaign activity may be assessed a penalty not to exceed \$5,000."

Recommendation – the Commission staff recommends that the Commission:

Item #6

- find that Michael Lawson violated 21-A M.R.S.A. § 1125(12) by failing to disclose significant expenditures made with campaign funds, and assess a penalty of \$\_\_\_ under 21-A M.R.S.A. § 1127(1) for this violation;
- find that Mr. Lawson violated 21-A M.R.S.A. § 1125(12-A) by failing to keep records required by law, including invoices and records that verify payments were made to the reported vendors (such as canceled checks), and assess a penalty of \$\_\_\_ under 21-A M.R.S.A. § 1127(1) for this violation; and
- direct Mr. Lawson to repay to the State of Maine \$691.91 in MCEA funds to cover disbursements which the Commission should treat as unallowable, including:
  - two payments of \$50 for services received by the campaign prior to certification as an MCEA candidate (discussed in Finding No. 2);
  - cash withdrawals of \$100 and \$200 with no clear connection to any specific campaign purchase (see Finding No. 5);

all ready did

Item #7

GPS

- a \$35 payment to Luke Oil Minimart, which was not properly documented by the campaign (no mileage log, no invoice) from Luke Oil Minimart;
- a payment of \$117.00 to Lambert Sand, which was not documented with an invoice and could have been used for personal purposes (see Finding No. 5); and
- three payments in the amounts of \$49.00, \$42.00, and \$48.91 made after the general election which the campaign concedes were for personal – not campaign – purposes.

Item #8

ECR

### Finding No. 5 – Use of MCEA funds for non-campaign purposes

RECEIVED

JUN 6 2011

Item #9

Maine Ethics Commission

As discussed above, Michael Lawson made three payments from the campaign bank account to, or on behalf of, himself for personal non-campaign related expenditures. Check number 535 for \$49 was paid to Michael Lawson on November 12, 2010; check number 534 in the amount of \$42 was remitted to Cabela's Retail on November 11, 2010; and check number 536 for \$48.91 was paid to Cabela on November 11, 2010. The candidate acknowledged that the payments for personal expenditures were made from the campaign bank account. Mr. Lawson reimbursed the campaign account for the three payments in February, 2011, after he had been notified that the Commission was commencing an audit of his campaign.

The audit disclosed three other disbursements about which the Commission staff has concerns. First, the campaign made a payment of \$117.00 to Lambert Sand. The candidate does not have an invoice showing the goods that were purchased. He did not report the expenditure, and it would not have been known publicly had the candidate not been selected for an audit. When asked about the purchase in a meeting with campaign staff, the candidate explained that he purchased gravel and rocks to hold down some A-frame campaign signs. He said that almost all of the gravel and rocks were used for this purpose. The Commission staff's research indicated that gravel products can cost \$7-\$11 per cubic yard, and stone products can cost around \$20 per cubic yard, so it appears a fairly large quantity (at least 5 cubic yards) was purchased for \$117.00. The Commission recommends including this payment within the finding of using MCEA funds for non-campaign purposes.

Item #10

Large Rocks & Gravel

Item #11

No Record

Also, the candidate withdrew \$100 in cash on September 24, 2010 and \$200 on October 4, 2010. In a meeting with Commission staff, the candidate stated that he believed these withdrawals were to reimburse himself for the purchase of gas and for two Home Depot purchases. Without any documents supporting the expenditures, the Commission staff does not know whether the explanation is credible.

Standard – 21-A M.R.S.A. §1125 (6) states in part that "All revenues distributed to a certified candidate from the fund must be used for campaign-related purposes. The candidate, the treasurer, the candidate's committee authorized pursuant to section 1013-A, subsection 1 or any agent of the candidate and committee may not use these revenues for any but campaign-related purposes."